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GREATER NEW ORLEANS, INC.

AND AFFILIATE

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED

DECEMBER 31, 2005 AND 2004

ERICKSEN KRENTEL & LAPORTE L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Greater New Orleans, Inc. and Affiliate,
Greater New Orleans Development Foundation
New Orleans, Louisiana

We have audited the accompanying consolidated statements of financial position of Greater New Orleans, Inc. and its affiliate Greater New Orleans Development Foundation (non-profit organizations) as of December 31, 2005 and 2004, and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of Greater New Orleans, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits of Greater New Orleans, Inc. (GNO, Inc.) in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

We conducted our audits of the Greater New Orleans Development Foundation (the Foundation) in accordance with auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide,* and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and guide require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Greater New Orleans, Inc. and its affiliate Greater New Orleans Development Foundation as of December 31, 2005 and 2004, and the changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information presented on Schedules "1" through "4" is presented for the purpose of additional analysis and is not a required part of the basic financial statements of GNO, Inc. and its affiliate, the Foundation. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 30, 2006 on our consideration of the Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

June 30, 2006

Ericksen, Krentel & LaPorte LLP

Certified Public Accountants

GREATER NEW ORLEANS, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2005 AND 2004

ASSETS

	2005	2004
CURRENT ASSETS:		
Cash and cash equivalents	$ 363,526	$ 40,141
Cash held for others	1,099	1,489
Membership investment receivable	47,573	70,130
Contributions and grants receivable	23,620	94,186
Other receivables	7,470	-
Prepaid expenses	908	10,904
Unconditional promises to give	481,029	714,725
Total current assets	925,225	931,575
PROPERTY AND EQUIPMENT:		
Furniture, fixtures and equipment	490,014	473,069
Equipment under capital lease	187,329	260,146
Leasehold improvements	22,701	22,701
	700,044	755,916
Less: accumulated depreciation	(645,476)	(622,260)
Net property and equipment	54,568	133,656
OTHER ASSETS:		
Deposits	10,713	-
Long-term unconditional promises to give, net	683,823	1,831,630
Total other assets	694,536	1,831,630
Total assets	$ 1,674,329	$ 2,896,861

See accompanying NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Exhibit "A"

GREATER NEW ORLEANS, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2005 AND 2004

LIABILITIES AND NET ASSETS

	2005	2004
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 192,825	$ 229,856
Line of credit	100,000	200,777
Funds held for others	1,099	1,489
Deferred revenue	228,014	31,240
Current portion of obligations under capital lease	29,615	49,172
Current portion of long-term debt	14,123	-
Total current liabilities	565,676	512,534
LONG-TERM LIABILITIES:		
Obligations under capital lease, less current portion	10,513	37,414
Long-term debt, less current portion	175,877	-
Total long-term liabilities	186,390	37,414
Total liabilities	752,066	549,948
NET ASSETS:		
Unrestricted	(242,589)	(199,442)
Temporarily restricted	1,164,852	2,546,355
Total net assets	922,263	2,346,913
Total liabilities and net assets	$ 1,674,329	$ 2,896,861

See accompanying NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Exhibit "B"

GREATER NEW ORLEANS, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

UNRESTRICTED NET ASSETS	2005	2004
Unrestricted revenues and gains:		
Membership investments	$ 799,480	$ 1,580,609
Contributions:		
Government contributions	139,496	270,376
Private contributions	450,000	681,353
Government grants	405,442	552,003
Interest income	1,672	1,146
Other income	347,532	317,767
Total unrestricted revenues and gains	2,143,622	3,403,254
Net assets released from restrictions:		
Expiration of time restrictions	671,252	147,000
Total unrestricted revenues, gains and other support	2,814,874	3,550,254
Expenses:		
Program services:		
Jobs initiatives	839,217	1,232,444
Communications	374,539	546,083
Workforce development	273,036	579,772
Public policy	211,326	253,322
Program implementation	621,231	555,512
Supporting services:		
General and administrative	538,672	741,188
Fundraising	-	176,747
Total expenses	2,858,021	4,085,068
(Decrease) in unrestricted net assets	(43,147)	(534,814)
TEMPORARILY RESTRICTED NET ASSETS		
Temporarily restricted revenues:		
Jobs development campaign:		
Membership investments	40,093	1,899,200
Contributions	8,386	95,398
Net assets released from restrictions:		
Expiration of time restrictions	(671,252)	(147,000)
Losses on uncollectible pledges	(758,730)	-
Increase (decrease) in temporarily restricted net assets	(1,381,503)	1,847,598
Increase (decrease) in net assets	(1,424,650)	1,312,784
Net assets, beginning of year	2,346,913	1,034,129
Net assets, end of year	$ 922,263	$ 2,346,913

See accompanying NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Exhibit "C"

GREATER NEW ORLEANS, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

	2005	2004
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:		
Increase (decrease) in net assets	$ (1,424,650)	$ 1,312,784
Adjustments to reconcile increase in net assets to net cash from (used in) operating activities:		
Depreciation	71,949	100,198
Allowance for uncollectible promises to give	50,000	100,000
Losses on uncollectible pledges	758,730	-
Loss on disposal of assets	10,139	6,586
Net book value of assets donated	-	4,744
(Increase) decrease in:		
Cash held for others	390	60,516
Membership investment receivable	22,557	43,775
Contributions and grants receivable	70,566	81,365
Other receivables	(7,470)	-
Prepaid expenses	9,996	31,432
Deposits	(10,713)	-
Unconditional promises to give	572,773	(1,947,598)
Increase (decrease) in:		
Accounts payable and accrued expenses	(37,031)	66,322
Funds held for others	(390)	(54,898)
Deferred revenue	196,774	(3,255)
Net cash from (used in) operating activities	283,620	(198,029)
CASH FLOWS (USED IN) INVESTING ACTIVITIES:		
Purchase of property and equipment	(3,000)	(21,899)
Net cash (used in) investing activities	(3,000)	(21,899)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:		
Net proceeds from (payments on) line of credit	(100,777)	427
Principal payments under capital lease obligations	(46,458)	(44,347)
Proceeds from issuance of long-term debt	190,000	-
Net cash from (used in) financing activities	42,765	(43,920)
Net increase (decrease) in cash and cash equivalents	323,385	(263,848)
Cash and cash equivalents at beginning of year	40,141	303,989
Cash and cash equivalents at end of year	$ 363,526	$ 40,141

See accompanying NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

GREATER NEW ORLEANS, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Greater New Orleans, Inc. (GNO, Inc.) is a Louisiana non-profit corporation organized on a non-stock basis and is exempt from federal income tax under Section 501(c)(6) of the Internal Revenue Code. GNO, Inc. is a public/private partnership reformed in January 2004 to spearhead economic development for the ten-parish Greater New Orleans region, which accounts for about one-third of Louisiana's economy. In collaboration with government, business and industry, and civic leaders, GNO, Inc.'s professional economic development staff works to create jobs in Southeast Louisiana, market the parishes to companies seeking to expand or relocate, and retain and grow existing businesses.

GNO, Inc.'s affiliate, Greater New Orleans Development Foundation (the Foundation) is a Louisiana non-profit corporation organized on a non-stock basis and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Foundation was created to provide support to the charitable, scientific and educational programs initiated and implemented by GNO, Inc.

Principles of Consolidation

The accompanying financial statements reflect the consolidated financial statements of GNO, Inc. and the Foundation. The Board of Directors of the Foundation consists of the thirteen members of the Executive Committee of the Board of Directors of GNO, Inc., plus four additional directors appointed by the Chairman of the Board of GNO, Inc. GNO, Inc. and the Foundation share common facilities and personnel. Material interorganization transactions and balances have been eliminated.

Basis of Accounting

The consolidated financial statements of GNO, Inc. and affiliate have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation

The accompanying consolidated financial statements include the accounts of GNO, Inc. and of the Foundation. Both affiliates follow standards established for external financial reporting by not-for-profit organizations which requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions. A description of the three net asset categories follows:

- **Unrestricted** – Net assets which are free of donor-imposed restrictions; all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets.

- **Temporarily Restricted** – Net assets whose use is limited by donor-imposed stipulations that either expire by passage of time or that can be fulfilled or removed by actions of GNO, Inc. and the Foundation pursuant to those stipulations.

- **Permanently Restricted** – Net assets whose use is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of GNO, Inc. and the Foundation.

Cash and Cash Equivalents

For purposes of the statement of cash flows, GNO, Inc. and the Foundation consider certificates of deposit and all short-term, highly liquid debt instruments purchased with original maturities of three months or less to be cash equivalents.

Membership Investment Receivable

Based on management's evaluation of uncollected membership investment receivable at the end of each year, bad debts are provided for on the allowance method. No allowance has been recorded for the years ended December 31, 2005 and 2004, as management believes all amounts are collectible.

Contributions and Grants Receivable

Based on management's experience and relationship with donors and granting agencies, all contributions and grants receivables are considered to be fully collectible. Accordingly, no allowance for uncollectible accounts has been recorded within these financial statements.

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are stated at cost, less an allowance for accumulated depreciation. Additions, improvements, and betterments to property and equipment in excess of $500 are capitalized.

Expenditures for maintenance, repairs, and improvements which do not materially extend the useful lives of the assets are charged to expense as incurred. When property and equipment are removed from service, the cost of the asset and the related accumulated depreciation are removed from the books, and any resulting gain or loss is credited to or charged against the current period's income.

Depreciation is provided in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. The estimated useful lives used in computing depreciation are as follows:

Furniture, fixtures and equipment	5 to 8 years
Equipment under capital lease	5 years
Leasehold improvements	10 years

Depreciation expense for the years ended December 31, 2005 and 2004 was $71,949 and $100,198, respectively.

Revenue Recognition

Revenues are provided primarily by membership investments, contributions from local businesses, and grants. Membership investments and contributions received, including unconditional promises, are recognized as revenues when the members or donor's commitment is received. Unconditional promises are recognized at the estimated present value of the future cash flows, net of allowances. Promises made and collected in the same reporting period are recorded when received in the appropriate net asset category. Promises of non-cash assets are recorded at their fair value. Conditional promises are recorded when member or donor stipulations are substantially met. Grant revenues are recognized in accordance with the terms of the grant.

Donated Services

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising

GNO, Inc. and the Foundation expenses the production costs of advertising as incurred, except for direct-response advertising which is capitalized and amortized over its expected period of future benefits. Advertising expense for the years ended December 31, 2005 and 2004 was $137,753 and $209,594, respectively.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Paid Leave

Prior to July 1, 2000, all full-time classified employees of GNO, Inc. were permitted to accrue up to a maximum of 30 days of paid leave (annual leave). Effective July 1, 2000, all paid leave earned subsequent to June 30, 2000 and not used by employees is forfeited. Upon termination of employment, an employee is paid for accrued paid leave based on the respective current hourly rate of pay. All liabilities are accrued when incurred and are reflected within accounts payable and accrued expenses in the accompanying financial statements.

(2) CASH FLOW INFORMATION

Operating activities for the years ended December 31, 2005 and 2004 reflect the following:

	2005	2004
Interest paid	$ 28,405	$ 27,977

Non-Cash Investing Activities

During 2005 and 2004, GNO, Inc. and the Foundation disposed of obsolete computer equipment and leasehold improvements with an original cost of $58,872 and $80,811, accumulated amortization of $48,733 and $74,225 and a net book value of $10,139 and $6,586, respectively.

(3) RESTRICTION ON NET ASSETS

All the restrictions on net assets at the end of 2005 and 2004 are related to funds raised through the Jobs Development Campaign, an initiative to raise funds to finance GNO, Inc.'s five year plan to increase jobs and bring new business into the New Orleans region.

The unconditional promises to give are an annual investment for each of the next five years. The restrictions are temporary and are considered to expire when the investment is due.

(4) PROMISES TO GIVE

Unconditional promises to give consists of the following:

	2005	2004
Temporarily restricted promises	$ 1,429,027	$ 2,839,009
Less: Unamortized discount	(114,175)	(192,654)
Less: Allowance for uncollectible promises	(150,000)	(100,000)
Net unconditional promises	$ 1,164,852	$ 2,546,355
Amounts due in:		
Less than one year	$ 481,029	$ 714,725
One to five years	947,998	2,124,284
	$ 1,429,027	$ 2,839,009

Unconditional promises to give due in more than one year are reflected at the present value of estimated future cash flows using an average discount rate of 5.2%. An allowance for uncollectible promises to give of $150,000 and $100,000 has been recorded for the years ended December 31, 2005 and 2004, respectively.

Due to the impact of Hurricane Katrina in 2005, GNO, Inc. and the Foundation have experienced a drastic change in the collectibility of their unconditional promises to give. As a result, management reduced the fair values of certain promises which resulted in a loss on uncollectible pledges of $758,730 as reflected in the accompanying 2005 Statement of Activities.

(4) PROMISES TO GIVE (CONTINUED)

Conditional promises to give are recognized when the conditions have been substantially met. During 2005, GNO, Inc. and the Foundation had several promises to give which were conditional based on the abilities to meet performance goals, which will be reviewed annually. The following is the expected future cash flows from these promises:

2006	$ 594,550
2007	364,550
2008	164,550
Total conditional promises to give	$ 1,123,650

(5) PENSION PLAN

GNO, Inc. maintains a 401(k) profit sharing plan and trust that covers all eligible employees. Employer contributions to the plan are determined annually by the Board of Directors. For the years ended December 31, 2005 and 2004, employer contributions to this plan totaled $72,920 and $77,594, respectively.

(6) LEASE COMMITMENTS

Capital Leases

Prior to 2004, GNO, Inc. acquired office equipment under the provisions of four capital leases. The minimum lease payments relating to the equipment have been capitalized. One lease expired in September 2005, two leases expire in May 2006 and one expires April 2007. The leased equipment under capital lease as of December 31, 2005 and 2004 has a cost of $187,329 and $260,146, accumulated amortization of $156,923 and $179,396, and a net book value of $30,406 and $80,750, respectively. Amortization of leased property is included in depreciation expense.

The future minimum lease payments under capital leases and the net present value of the future minimum lease payments are as follows for the years ending December 31:

2006	$ 34,420
2007	11,200
Total lease payments	45,620
Amount representing interest	(5,492)
Present value of future minimum lease payments	40,128
Less: current portion	(29,615)
Long-term capital lease obligation	$ 10,513

(6) LEASE COMMITMENTS (CONTINUED)

Operating Leases

In 2004, GNO, Inc. conducted its operations from facilities that were leased under a ten year non-cancelable operating lease expiring March 31, 2005. This lease was extended until May 31, 2005. An operating lease was signed for new office space in March 2005. The new lease is for a ten year period expiring April 30, 2015. The lease requires monthly rental payments of $10,713 through April 2010 and $12,330 through April, 2015 and contains an option to renew for two additional five year terms. Rent expense for 2005 and 2004 was $144,509 and $182,707, respectively.

At December 31, 2005, minimum rental commitments for the next five years under non-cancelable operating leases were as follows:

Year Ending December 31,

2006	$	128,556
2007		128,556
2008		128,556
2009		128,556
2010		141,492

(7) LINE OF CREDIT

In 2004, GNO, Inc. had a $200,000 unsecured line of credit which required monthly interest payments on any outstanding balances at the prime rate. During 2005, this line was converted into an installment note. See Note 8 for details. Also in 2005, a $100,000 unsecured line of credit was established which requires monthly interest on any outstanding balances at the prime rate (6.25% at December 31, 2005). No amounts were available under these lines of credit at December 31, 2005 and 2004. Total interest costs incurred and charged to expense was $25,179 and $28,404 for all financing arrangements for the years ended December 31, 2005 and 2004, respectively.

(8) LONG-TERM DEBT

During 2005, GNO, Inc. obtained a loan from a bank in the amount of $190,000 at an interest rate of 6%. The loan is payable in monthly installments of interest only through September, 2006, and then 48 consecutive payments of $4,470. The loan matures in August, 2010 and is secured by the assets of GNO, Inc.

(8) LONG-TERM DEBT (CONTINUED)

The following is a summary of principal maturities of long-term debt during the next five years ending December 31,

2006	$	14,123
2007		44,160
2008		46,901
2009		49,857
2010		34,959
	$	190,000

(9) DONATED SERVICES AND FACILITIES

Unrestricted revenue includes donated services and facilities valued at $26,205 and $187,396 for 2005 and 2004, respectively. The corresponding expenses are reflected in the financial statements as follows:

	2005	2004	
	Program Services	Program Services	Supporting Services
Advertising, public awareness and graphic design	$ 26,205	$ 48,674	$ 3,572
Legal and consulting	-	15,000	-
Facilities	-	110,280	9,870
	$ 26,205	$ 173,954	$ 13,442

(10) RELATED PARTY TRANSACTIONS

During 2005 and 2004, GNO, Inc. and the Foundation contracted with a law firm to provide consulting and legal services on a monthly basis. A member of the Board of Directors is a partner with this law firm. The fees paid to the law firm for the years ended December 31, 2005 and 2004 were $61,843 and $76,853.

(11) CONCENTRATION OF CREDIT RISK

GNO, Inc. and the Foundation maintains its cash in bank deposit accounts at various financial institutions. The balances at times may exceed federally insured limits. At December 31, 2005, the balances exceeded the insured limit by $288,296.

Financial instruments that potentially subject GNO, Inc. and the Foundation to concentrations of credit risk consist principally of promises to give receivable and credit extended to members for dues. GNO, Inc. and the Foundation do not require collateral or other security for these amounts.

(12) COMMITMENTS AND CONTINGENCIES

GNO, Inc. has an employment agreement with its President/CEO which expires February 9, 2007. The agreement can be terminated by either party without cause. The employee is entitled to receive severance pay for a period of 180 days equal to his semi-monthly compensation.

(13) MAJOR CONTRIBUTORS

During 2005, GNO, Inc. and the Foundation received contributions from seven donors that represented 36% of the total unrestricted revenues for the year.

GREATER NEW ORLEANS, INC. AND AFFILIATE
CONSOLIDATED SCHEDULES OF UNRESTRICTED REVENUES -
OTHER INCOME
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

	2005	2004
Meeting reimbursements	$ 33,645	$ 106,055
Sponsorships and special program revenues	207,393	126,220
New Orleans Regional Leadership Institute registration income	60,767	59,179
Sales of publications and brochures	24	12,897
Certification income	6,576	9,020
Map sales	-	3,078
Miscellaneous income	39,127	1,318
	$ 347,532	$ 317,767

(See Auditors' Report)

GREATER NEW ORLEANS, INC. AND AFFILIATE
CONSOLIDATED SCHEDULES OF EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

	2005	2004
Salaries, wages and employee benefits	$ 1,670,162	$ 1,824,667
Telephone	55,216	59,354
Postage and mailing	7,302	13,270
Supplies and printing	52,448	40,773
Equiment maintenance	10,140	17,237
Travel, meals and lodging	172,562	330,432
Professional and consulting fees	369,401	855,738
Advertising and public relations	137,753	209,594
Publications	9,569	4,239
Meetings and programs	45,434	186,347
Membership dues and management development	5,105	12,090
Insurance	34,255	34,960
Rent	144,509	182,707
Depreciation	71,949	100,198
Interest expense	25,179	28,404
Bad debt expense	-	5,185
Sponsorships and contributions	-	139,826
Loss (gain) on disposal of fixed assets	10,139	6,586
Miscellaneous	36,898	33,461
	$ 2,858,021	$ 4,085,068

GREATER NEW ORLEANS, INC. AND AFFILIATE
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
DECEMBER 31, 2005

ASSETS

	GNO, Inc.	Foundation	Eliminating Entries	Total
CURRENT ASSETS:				
Cash and cash equivalents	$ 363,501	$ 25	$ -	$ 363,526
Cash held for others	-	1,099	-	1,099
Membership investment receivable	47,573	-	-	47,573
Contributions and grants receivable	-	23,620	-	23,620
Other receivables	7,470	-	-	7,470
Prepaid expenses	908	-	-	908
Advances to affliates	85,004	-	(85,004)	-
Unconditional promises to give	432,569	48,460	-	481,029
Total current assets	937,025	73,204	(85,004)	925,225
PROPERTY AND EQUIPMENT:				
Furniture, fixtures and equipment	395,342	94,672	-	490,014
Equipment under capital lease	187,329	-	-	187,329
Leasehold improvements	22,701	-	-	22,701
	605,372	94,672	-	700,044
Less: accumulated depreciation	(550,804)	(94,672)	-	(645,476)
Net property and equipment	54,568	-	-	54,568
OTHER ASSETS:				
Deposits	10,713	-	-	10,713
Long-term unconditional promises to give, net	595,767	88,056	-	683,823
Total other assets	606,480	88,056	-	694,536
Total assets	$ 1,598,073	$ 161,260	$ (85,004)	$ 1,674,329

(See Auditors' Report)

GREATER NEW ORLEANS, INC. AND AFFILIATE
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
DECEMBER 31, 2005

LIABILITIES AND NET ASSETS

	GNO, Inc.	Foundation	Eliminating Entries	Total
CURRENT LIABILITIES:				
Accounts payable and accrued expenses	$ 192,825	$ -	$ -	$ 192,825
Line of credit	100,000	-	-	100,000
Funds held for others	-	1,099	-	1,099
Deferred revenue	101,781	126,233	-	228,014
Current portion of obligations under capital lease	29,615	-	-	29,615
Current portion of long-term debt	14,123	-	-	14,123
Advances from affiliates	-	85,004	(85,004)	-
Total current liabilities	438,344	212,336	(85,004)	565,676
LONG-TERM LIABILITIES:				
Obligations under capital lease, less current portion	10,513	-	-	10,513
Long-term debt, less current portion	175,877	-	-	175,877
Total long-term liabilities	186,390	-	-	186,390
Total liabilities	624,734	212,336	(85,004)	752,066
NET ASSETS:				
Unrestricted	(54,997)	(187,592)	-	(242,589)
Temporarily restricted	1,028,336	136,516	-	1,164,852
Total net assets	973,339	(51,076)	-	922,263
Total liabilities and net assets	$ 1,598,073	$ 161,260	$ (85,004)	$ 1,674,329

(See Auditors' Report)

GREATER NEW ORLEANS, INC. AND AFFILIATE
CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005

	GNO, Inc.	Foundation	Eliminating Entries	Total
UNRESTRICTED NET ASSETS				
Unrestricted revenues and gains:				
Membership investments	$ 799,480	$ -	$ -	$ 799,480
Contributions:				
Government contributions	-	139,496	-	139,496
Private contributions	-	450,000	-	450,000
Government grants	-	405,442	-	405,442
Interest income	1,590	82	-	1,672
Other income	1,242,378	-	(894,846)	347,532
Total unrestricted revenues and gains	2,043,448	995,020	(894,846)	2,143,622
Net assets released from restrictions:				
Expiration of time restrictions	595,065	76,187	-	671,252
Total unrestricted revenues, gains and other support	2,638,513	1,071,207	(894,846)	2,814,874
Expenses:				
Program services:				
Jobs initiatives	837,217	450,357	(448,357)	839,217
Communications	374,539	191,289	(191,289)	374,539
Workforce development	273,036	139,448	(139,448)	273,036
Public policy	211,326	-	-	211,326
Program implementation	621,231	64,958	(64,958)	621,231
Supporting services:				
General and administrative	538,153	51,313	(50,794)	538,672
Fundraising	-	-	-	-
Total expenses	2,855,502	897,365	(894,846)	2,858,021
Increase (decrease) in unrestricted net assets	(216,989)	173,842	-	(43,147)
TEMPORARILY RESTRICTED NET ASSETS				
Temporarily restricted revenues:				
Jobs development campaign:				
Membership investments	40,093	-	-	40,093
Contributions	-	8,386	-	8,386
Net assets released from restrictions:				
Expiration of time restrictions	(595,065)	(76,187)	-	(671,252)
Losses on uncollectible pledges	(683,730)	(75,000)	-	(758,730)
(Decrease) in temporarily restricted net assets	(1,238,702)	(142,801)	-	(1,381,503)
Increase (decrease) in net assets	(1,455,691)	31,041	-	(1,424,650)
Net assets, beginning of year	2,429,030	(82,117)	-	2,346,913
Net assets, end of year	$ 973,339	$ (51,076)	$ -	$ 922,263

(See Auditors' Report)

ERICKSEN KRENTEL & LAPORTE L.L.P.
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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANICAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Greater New Orleans Development Foundation
New Orleans, Louisiana

We have audited the financial statements of the Greater New Orleans Development Foundation (the "Foundation"), as of and for the year ended December 31, 2005, and have issued our report thereon dated June 30, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Foundation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

ERICKSEN KRENTEL & LAPORTE L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

This report is intended for the information of the board of directors, management, the Louisiana Legislative Auditor, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

June 30, 2006

Ericksen, Krentel & LaPorte LLP

Certified Public Accountants